



**WRITTEN STATEMENT FOR THE RECORD
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SOUTH FLORIDA REGIONAL PLANNING COUNCIL**

**BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT**

**WASHINGTON, DC
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Thank you, Madam Chair, Ranking Member Diaz-Balart and members of the subcommittee, for the opportunity to testify this morning on the performance and results of the U.S. Economic Development Administration (EDA). More importantly, I am pleased to express my organization's support for a multi-year EDA reauthorization bill that maintains the agency's current mission and program focus with only modest program reforms and updates.

My name is Carolyn Dekle. I serve as executive director of the South Florida Regional Planning Council (RPC), a multi-purpose regional planning organization governed by a 19-member Board of Directors comprised of local elected officials, governor's appointees and ex-officio members representing Broward, Miami-Dade and Monroe Counties. Our organization has served as an EDA-funded Economic Development District (EDD) since 1993.

In addition to our involvement in EDA's planning, business development finance and infrastructure programs, the South Florida RPC is involved in a broad range of issues, such as reviewing and approving developments of regional impact, promoting brownfields redevelopment and cleanup, coordinating emergency preparedness plans, assisting local governments with a variety of regional and local comprehensive plans, and managing development finance loan funds for local entrepreneurs and businesses.

Madam Chair, the U.S. Economic Development Administration (EDA) is an invaluable partner for the three-counties served by the South Florida Regional Planning Council. While our region certainly has areas of immense wealth and prosperity, we also have large pockets of poverty and distress, both in our major urban centers and our surrounding rural and agricultural areas. In fact, Miami-Dade County has higher unemployment and poverty rates historically than the Florida and national averages.

Therefore, we strongly encourage Congress to develop and adopt a multi-year reauthorization measure for EDA that maintains the agency's core mission and program tools, while also expanding its funding base and flexibility, strengthening its partnership with the national network of 381 Economic Development Districts (EDDs) and restoring the local cost share requirements for projects, at a minimum, to the pre-2005 distress rates. We support these reauthorization principles and others as outlined by the National Association of Development Organizations (NADO).

This morning, Madam Chair, I will focus my remarks on an innovative project that the South Florida RPC has undertaken in partnership with EDA's Atlanta Regional Office to improve the management, operations and performance of regional and local EDA Revolving Loan Funds (RLFs). Our project offers a timely case study on how the agency can work with its RLF intermediaries, including EDDs, to dramatically improve the results and performance of the RLF program. The RLF program is an invaluable economic development tool to assist local firms and entrepreneurs struggling to access traditional credit markets. However, the EDA program requires significant organizational capacity and professional knowledge of business lending practices, regulations and institutions. It also requires a long-term commitment and patience with federal

bureaucratic red tape, constantly changing set of rules and high staff turnover since EDA RLFs retain their federal nature in perpetuity.

While other federal business loan funds under HUD, USDA and other agencies lose their federal identity, the initial EDA RLF grant and any income and interest derived from it are considered federal property forever. As a result, RLF intermediaries are required indefinitely to comply with costly reporting and audit requirements each year, even for those RLFs originally capitalized by the agency more than 34 years ago. This also means that EDA must provide the proper oversight and management of a growing number of funds each year, with less than a handful of professional staff. Today, the agency supervises more than 500 RLFs with a combined value of more than \$800 million.

While Congress and this committee provided the agency with new management tools in the 2004 reauthorization law, such as the option of consolidating, transferring and liquidating RLFs at the request of the grantee, these represent only a partial fix to the program. We believe ownership of EDA RLFs should be fully transferred to the local intermediary once all of the initial funds have been loaned out, repaid by the borrowers and fully revolved. This would significantly reduce EDA's management and staffing burden, while ensuring that local accountability and transparency is maintained. This simply means that RLF capitalization investments by EDA would be treated like a grant to regional and local intermediaries, as it is named, rather than a loan to an intermediary, as it is currently operated.

Since 2000, Madam Chair, the South Florida RPC has worked with the EDA Atlanta Regional Office to improve the local management and staffing of four EDA RLFs that were set up within the region to address specific needs and events. Three of the RLFs were established after Hurricane Andrew in 1992, the nation's second most destructive hurricane in more than a century. These funds were operated by two private-sector organizations (Beacon Council & Miami Capital Development Corporation) and one local government (City of Homestead). The fourth was set up to assist 10 communities impacted in 1980 by the civil disturbance in Miami-Dade County.

While each of the original grantees tasked with operating the EDA RLFs had the best of intentions to assist local businesses impacted by either the devastating hurricane or the destructive civil disturbance, these funds became less and less effective as the years passed. It also became harder and harder to make loans related to the original intent of these loan funds.

EDA turned to our organization for assistance since we are an Economic Development District with experience in managing business development loan funds on a regional basis, including a state-based program to assist businesses impacted by natural disasters. In addition, our loan fund manager has decades of experience in managing business loan funds, including extensive service within the banking industry.

In partnership with EDA and the three RLF operators, we started to transfer the four loan funds to the South Florida RPC between 2000 and 2008. Once transferred to the SFRPC, the geographic

boundaries of three of the RLF grants were changed to include the entire region of the RPC, including Miami-Dade, Broward and Monroe Counties. The loan fund for the 1980 civil disturbance still remains dedicated to the 10 communities targeted in the original grant.

Today, the combined funding for the four RLFs is \$8.2 million. We are actively using these funds to create new jobs in our region, as well as increase private and public sector investments in distressed areas of our region. In recent years, we have helped retain and create more than 1,200 jobs, while assisting more than 54 small businesses with seed capital and gap financing. We have loaned out more than \$9.4 million and leveraged more than \$17 million in additional public and private sector investments.

A primary example of the local impact of our EDA RLF is our partnership with Leasa Industries. The company is the largest manufacturer of bean and alfalfa sprouts in the country. It is located in an economically depressed area of Miami-Dade County. Leasa employs more than 90 workers, all of which are from the local community. The South Florida RPC was able to use our EDA RLF money to provide working capital after the development of their new 30,000-square foot facility. Without our assistance, the company would have lacked the capital needed to expand and maintain its operations. Today, the company has gross revenues of more than \$7 million.

As a result of our EDA RLF, we are in a better position to help local businesses and entrepreneurs create and retain jobs in our region, especially in the more distressed areas of our three counties. The EDA investments have led to increased employment opportunities for our citizens, as well as increased sales tax revenues and diversification of our regional economy.

As part of the EDA reauthorization bill, we encourage Congress to consider ways to strengthen local control of the RLF program. For those intermediaries who have proven over time that we have the capacity, skills and results to manage the program, we should be allowed to devolve control to the local level and cut the federal strings after the money has been fully lent out and recaptured.

In addition, we support expanding EDA resources and incentives for small businesses that develop methods of “going green” or become eco-friendly companies, similar to the merits of the agency’s new Global Climate Change Mitigation Fund. Within the RLF program, intermediaries should be allowed to use the current loan fund to reserve funds for businesses that become “green businesses.” This would require EDA to loosen its current regulations and to work with its network of RLF operators to revise existing RLF plans and strategies. It would take staff resources and time but should be a priority of the agency.

In closing, thank you again, Madam Chair, Ranking Member Diaz-Balart and members of the subcommittee, for the opportunity to express my organization’s support for a multi-year EDA reauthorization bill that maintains the overall mission and program tools of the agency, while also modernizing some of its programs and guidelines. I would welcome any questions or comments.